Germany 1918-1939

**ECONOMIC ISSUES:**

* WWI – Germany couldn’t import or export industrial goods
  + Food + resources diverted to the war effort
  + By 1919, Germany no longer second most economically advanced nation in the world
* The Treaty of Versailles in 1919 forced Germany to pay reparations, however the country was economically weakened by the war and thus could not pay this back.
* Large reparations led to prices rising out of control, causing unemployment and low industry productivity, as well as chaos erupting; hyperinflation led to Communist rebellions
* The Council of Four (Britain, France, Italy and the US) overlooked the fundamental economic problem of Europe “starving and disintegrating before their eyes” (the guardian, Versailles second world war)
* “Those who {signed} this treaty will sign the death sentence of many millions of German men, women and children.” – The German Economic Commission on the signing of the Treaty of Versailles
* 1923 🡪 the French invaded the Ruhr when Germany defaulted on a payment; money was taken in the form of coal, and Germans in the Ruhr went on strike; the government responded by promising to pay their wages
* Gustav Stresemann in 1923 became chancellor, and called off the strike and began to pay reparations; introduction of new currency and sorted out Germany’s economic problems & hyperinflation issues began to disappear
  + A loaf of bread in 1922 was 163 marks, in 1923 it cost around 200,000,000,000 marks
* The Dawes Plan of 1924 stabilized Weimar Germany 🡪 over next 5 years, 25 million gold marks invested in Germany
* Economy became strong again
  + - * + Factories were built
        + Employment returned
        + Things started to become normal again
* Up to 1929, Germany relied on loans from America; following the crisis on Wall Street, a great depression hit the American economy and banks asked Germany to repay these loans 🡪 why led to a depression in the German economy 🡪 led to unemployment
* Hitler & Nazi rule came into power in 1933; Nazi economic policies (“Autarky” – the desire for Germany to be self-sufficient) provided German people with employment opportunities and financial security
* 1935 = Germany was a fascist state & the government had total control over the country’s economy 🡪 widespread unemployment; earlier Nazi work programs were in rural areas, not cities (where jobs were needed)
* 1937, Hermann Göring was made Economics Minister, to make Germany self-sufficient with a 4 year period (which failed) 🡪 imports were controlled (however, imports of luxuries increased) / food imports were reduced
* RESULT = Germany did not become self sufficient under his rule